

**PEND OREILLE COUNTY, WASHINGTON**  
**January 1, 1993 Through December 31, 1993**

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**Schedule Of Findings**

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1. The County Should Deposit, Report And Account For Forfeited Drug Seizure Funds In Accordance With State Statutes

The county sheriffs department failed to deposit funds forfeited in drug related cases with the county treasurer, has not filed quarterly reports or remitted the required amounts to the State Treasurers Office. Additionally the county made cash payments from the forfeited drug funds without budget authority or processing the payments through the county voucher system.

As a result of our audit, the county sheriff deposited \$9,161.50 with the county treasurer on August 25, 1994.

The Washington State Constitution, Article XI, Section 15, requires all money coming into the hands of any public official to be deposited with the county treasurer.

RCW 69.50.505 requires the county sheriff to make quarterly reports to the State Treasurer and to remit 10 percent of the forfeited drug seizure funds.

Failure to follow state statutes has:

- a. Circumvented the control systems governing county receipts and disbursements.
- b. Resulted in unauthorized county expenditures.
- c. Deprived the state of information and funding for law enforcement efforts.

The county thought forfeited drug seizure funds were not subject to the same accounting and control requirements as other public funds. We were not able to determine why the county did not file the required reports or remit the state's share of the proceeds to the State Treasurers Office.

We recommend that:

- a. Forfeited drug seizure money be deposited immediately into a restricted fund upon adjudication of a case.
- b. Quarterly reports be prepared and submitted to the State Treasurer.
- c. Funds be remitted to the State Treasurer annually as prescribed.

2. The County's Annual Financial Report Should Be Filed On A Timely Basis

The county did not complete its annual financial report until September 2, 1994, several months after the required completion date. Further, the county did not completed its annual report on time for 1992 or 1991.

The State Auditor's Office has prescribed timely reporting requirements under the authority of RCW 43.09.230, which states in part:

The state auditor shall require from every taxing district and other political subdivisions financial reports covering the full period of each fiscal year, in accordance with the forms and methods prescribed by the state auditor, which shall be uniform for all accounts of the same class.

Such reports shall be prepared, certified and filed with the division within one hundred fifty days after the close of each fiscal year . . .

Their substance shall be published in an annual volume of comparative statistics at the expense of the state as a public document.

When reports are not filed on time, users of these reports are denied access to the county's financial information. Such users include:

- a. The taxpayers within the county.
- b. The state legislature, which receives a copy of the annual volume of comparative statistics for all municipalities, published pursuant to RCW 43.09.230 by the Office of State Auditor.
- c. Federal and state grantor agencies.
- d. Bondholders, bond brokerage firms and other persons interested in the county's financial affairs.

The county did not meet the reporting requirement because it did not dedicate adequate resources or place sufficient emphasis on timely reporting.

We recommend the county dedicate sufficient resources and emphasis to facilitate timely completion of the annual report.

**PEND OREILLE COUNTY, WASHINGTON**  
**January 1, 1993 Through December 31, 1993**

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**Schedule Of Federal Findings**

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1. The County Should Develop An Integrated Grant Accounting System

The county has not fully integrated grant accounting into the general ledger system. Additionally, the county has not developed general ledger coding to identify grant related expenditures.

OMB Circular A-128, *Audits of State and Local Governments*, paragraph 8.b(1) states in part:

In order to determine which major programs are to be tested for compliance, State and local governments shall identify in their accounts all Federal funds received and expended and the programs under which they were received . . . .

The *Budgeting, Accounting and Reporting System (BARS)* manual as prescribed by the State Auditor, states in Part 3, Chapter 5, Section A:

1. Grant accounting must be integrated with a municipality's general accounting records . . .
2. Grant accounting must provide for a segregation, by program/activity/function within each grant, of the following . . .
  - d. Expenditures already disbursed . . .
  - f. Non-federal share of costs . . .
3. At the inception of a grant . . . one or more project codes shall be assigned locally to identify the particular grant. This coding must be incorporated into the basic coding structure the municipality uses to identify all its transactions.

Grant accounting is not integrated because resources have not been dedicated to bridge the separate accounting systems used by the county. Additionally, the county's chart of accounts has not been established to provide the required accounts.

As a result, we could not trace all expenditures reported in the Schedules of Federal and State Financial Assistance directly to the county's general accounting records, nor were we able to gain sufficient assurance that grant expenditures are not charged to more than one grant. However, all grant revenue was appropriately coded and recorded. Thus, we are reasonably certain that the Schedules of Financial Assistance list all amounts and sources of grants received by the county.

We recommend county officials implement the steps necessary to integrate the required grant accounting into the general ledger accounting system.